

Article - Insurance

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§17–204.

(a) (1) Subject to the requirements of this section, a policy may be issued to an association or to a trust or to the trustees of a fund established, created, or maintained for the benefit of members of one or more associations.

(2) The association or associations:

- (i) shall have at the outset a minimum of 100 persons;
- (ii) shall have been organized and maintained in good faith for purposes other than that of obtaining insurance;
- (iii) shall have been in active existence for at least 2 years; and
- (iv) shall have a constitution and bylaws that provide that:
 - 1. the association or associations hold regular meetings not less than annually to further purposes of the members;
 - 2. except for credit unions, the association or associations collect dues or solicit contributions from members; and
 - 3. the members have voting privileges and representation on the governing board and committees.

(b) The policy may insure members of the association or associations, employees of the association or associations, or employees of members, or one or more of the preceding or all of any class or classes of members or employees for the benefit of persons other than the employee's employer.

(c) (1) The premium for the policy shall be paid from funds contributed by the association or associations, or by employer members, or by both, or from funds contributed by the covered persons or from both the covered persons and the association, associations, or employer members.

(2) Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from funds contributed by the covered persons specifically for the insurance must insure all eligible persons, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

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